

Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEAE-00

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FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 5482

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

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E.O.11652: N/A

TAGS: ETRD, GATT, EEC, IT

SUBJECT: ITALIAN IMPORT DEPOSIT MEASURES

REF: (A) STATE 131096; (B) EC BRUSSELS 4335

1. SUMMARY. EMBASSY HAS DISCUSSED JUNE 19 JOURNAL OF COMMERCE
ARTICLE BY PETER DREYER WITH MINISTRY FOREIGN AFFAIRS (MFA)
REP CALAMIA (DIRECTOR, GATT-EC AFFAIRS), WHO CONFIRMED
SUBSTANCE ARTICLE AS REPORTED REFTEL (A). END SUMMARY.

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2. ACCORDING CALAMIA, EC COMMISSION NOTIFIED GOI JUNE 19 THAT IMPORT DEPOSITS WOULD HAVE TO BE CALCULATED ON BASIS OF CIF VALUE PLUS DUTIES AND LEVIES AND THAT REVISED SYSTEM SHOULD BE INSTITUTED JUNE 20. GOI UNABLE INTRODUCE CHANGES TODAY FOR BOTH BUREAUCRATIC AND PRACTICAL REASONS. LEGAL PROCEDURES (E.G., PUBLICATION IN OFFICIAL GAZETTE) COULD NOT BE ACCOMPLISHED WITHIN 24 HOURS AND, IN ANY CASE, ITALIAN BUREAUCRACY DOES NOT FUNCTION THAT EFFICIENTLY, ESPECIALLY WHEN MORE THAN ONE MINISTRY INVOLVED. ON PRACTICAL BASIS, CALAMIA EMPHASIZED THAT GOI WISHES MAKE CHANGE IN MANNER WHICH WILL NOT RPT NOT DELAY GOODS FROM THIRD COUNTRIES; THIS WILL REQUIRE MORE TIME THAN EC COMMISSION WOULD LIKE.

3. CALAMIA SAID THAT EVER SINCE PRIOR IMPORT DEPOSIT SYSTEM INSTITUTED EC COMMISSION HAS CONSIDERED IT DISCRIMINATORY AGAINST EC MEMBERS. COMMISSION INSISTS THAT SYSTEM MUST NOT RPT NOT AFFECT IMPORTS FROM EC MEMBERS MORE THAN IMPORTS FROM THIRD COUNTRIES. BY EXCLUDING LEVIES AND USING CIF PRICE ONLY AS BASIS FOR CALCULATING IMPORT DEPOSIT, IMPORTS OF CERTAIN AGRICULTURAL PRODUCTS FROM EC MEMBERS REQUIRED LARGER DEPOSIT EVEN THOUGH SELLING PRICE IN ITALIAN MARKET IDENTICAL TO THIRD COUNTRY ITEMS.

4. CALAMIA CONFIRMED IMPORTS FROM UK, DENMARK AND IRELAND WILL BE TREATED AS DUTY FREE, DESPITE TRANSITIONAL DUTIES, IN ORDER MAINTAIN EQUALITY OF TREATMENT AMONG EC MEMBER COUNTRIES.

5. CALAMIA EMPHASIZED THAT GOI NOT ENTHUSIASTIC ABOUT CHANGING IMPORT DEPOSIT SYSTEM BUT DOES NOT RPT NOT BELIEVE IT CAN CONTINUE RESIST PRESSURE FROM EC COMMISSION AND OTHER MEMBER GOVERNMENTS. HE STRESSED RELATIVELY LOW DUTIES IN CXT ON INDUSTRIAL PRODUCTS AND NOTED THAT IMPORT DEPOSITS ON AGRICULTURAL PRODUCTS ARE IN PROCESS OF BEING PHASED OUT IN ACCORDANCE WITH EC AG MINISTRIES DECISION. THEREFORE, EFFECT ON US WILL BE MINIMAL, HE CONCLUDED. HE SAID HE HOPED USG WOULD "UNDERSTAND" SITUATION IN WHICH GOI NOW FINDS ITSELF.

6. COMMENT: WITH PHASE-OUT OF IMPORT DEPOSITS ON AGRICULTURAL PRODUCTS--YET TO BE ACCOMPLISHED--EC ECOMMISSION'S RATIONALE LIMITED OFFICIAL USE

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FOR DISCRIMINATION AGAINST IMPORTS FROM EC COUNTRIES WOULD APPEAR NO LONGER VALID. EFFECTT OF EC COMMISSION DECISION, ONE IMPORT DEPOSITS ON AGRICULTURAL IMPORTS ELIMINATED, WILL BE (AS NOTED REFTEL B) TO RESTORE A MARGIN OF PREFERENCE FOR EC GOODS. EMBOFF WARNED CALAMIA THAT USG MIGHT REACT ADVERSELY TO CHANGES IN IMPORT DEPOSIT SYSTEM REQUIRED BY EC COMMISSION BECAUSE ELEMENT OF DISCRIMINATION IS BEING INTRODUCED.

7. ONE FACTOR WHICH MAY CONDITION USG RESPONSE IS RELATIONSHIP
(IF ANY) BETWEEN EC COMMISSION DIRECTIVE AND WILLINGNESS EC
AND MEMBER GOVERNMENTS PROVIDE FINANCIAL ASSISTANCE TO ITALY IN
CONNECTION WITH URGENTLY NEEDED ECONOMIC STABILIZATION PROGRAM,
NOW THAT ITALIAN GOVERNMENT RECONSTITUTED AND ECONOMIC PROGRAM
AGREED UPON BY PARTIES IN/SUPPORTING GOVERNMENT.VOLPE

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